

OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION
NATURAL GAS DELIVERY

130 East Randolph Drive
Chicago, IL 60601-6207
www.peoplesgasdelivery.com

ORIGINAL

March 31, 2008

BY OVERNIGHT COURIER

Ms. Elizabeth Rolando
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

06 - 0540

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**ILLINOIS COMMERCE COMMISSION
CHIEF CLERK'S OFFICE**

Re: Services and Transfers Agreement by and among Peoples Energy Corporation, The Peoples Gas Light and Coke Company, North Shore Gas Company et al., dated February 7, 2007 ("STA")

Dear Ms. Rolando:

Section X.4 of the above-referenced STA provides:

Annual Reporting: Each year, 90 days after the end of Peoples Gas' and North Shore's fiscal year, Peoples Gas and North Shore shall provide to the Commission's Chief Clerk and to the Commission's Manager of the Accounting Department or any successor an annual report on transactions under the Agreement for the prior fiscal year. Such annual report shall include the following: (i) a description of services and charges provided by Peoples Gas and/or North Shore to other Parties under the Agreement; (ii) a description of services and charges provided by other Parties to Peoples Gas and/or North Shore under the Agreement; (iii) Peoples Gas' and North Shore's monthly billing to and payments received from other Parties under the Agreement; (iv) the amounts of any allocated costs under the Agreement; and (v) supporting calculations for each allocation.

Enclosed is the report that The Peoples Gas Light and Coke Company and North Shore Gas Company are required to provide to the Chief Clerk.

Very truly yours,

Mary Klyasheff

Mary Klyasheff
An Attorney for
The Peoples Gas Light and Coke Company
North Shore Gas Company

312-240-4470

cc: Ms. Mary Selvaggio (by email, w/ attach.)

The Peoples Gas Light and Coke Company
Summary of Affiliated Interest Transactions
Fiscal Year 2007

Line No.	Associated Company (A)	Nature of Transaction (B)	January (C)	February (D)	March (E)	April (F)	May (G)	June (H)	July (I)	August (J)	September (K)	October (L)	November (M)	December (N)	Total (O)	Line No.
1	Peoples Energy Corporation	Intercompany Services	\$ 4,550,600	\$ 5,145,034	\$ 4,116,407	\$ 4,012,777	\$ 4,386,224	\$ 4,550,464	\$ 4,141,964	\$ 4,194,885	\$ 4,702,281	\$ 7,357,056	\$ 3,450,090	\$ 1,882,880	\$ 53,691,221	1
2	North Shore Gas Company	Intercompany Services	14,771	14,771	14,771	14,771	14,771	14,771	14,771	14,771	14,771	14,771	14,771	14,771	177,252	2
3	Peoples Energy Corporation	Interest on Intercompany Loans	19,966	39,588	82,290	18,092	24,424	32,530	196,688	102,118	20,614	513,331	545,931	227,303	1,310,379	3
4	North Shore Gas Company	Interest on Intercompany Loans									51,516	21,803	0	11,583	492,588	4
5	Peoples NGL	Packing Services	\$ 4,564,337	\$ 5,130,302	\$ 4,133,459	\$ 4,045,640	\$ 5,025,418	\$ 4,557,755	\$ 4,265,473	\$ 4,901,845	\$ 4,598,467	\$ 7,907,861	\$ 4,011,202	2,155,537	\$ 45,677,441	5
6															\$ 35,677,441	6
7	Peoples Energy Corporation	Intercompany Services	\$ 385,967	\$ 1,241,279	\$ 403,302	\$ 365,162	\$ 402,123	\$ 387,981	\$ 409,530	\$ 1,306,371	\$ 375,499	\$ 404,825	\$ 392,183	\$ 1,222,094	\$ 7,285,685	7
8	North Shore Gas Company	Intercompany Services	455,841	403,679	480,120	412,953	688,337	530,456	505,398	577,368	529,227	589,394	746,623	504,998	8,526,394	8
9	Peoples Energy Services	Intercompany Services	5,618	5,762	5,602	6,546	6,128	6,216	5,712	5,801	5,718	6,476	6,622	8,378	74,377	9
10	Peoples Energy Resources	Intercompany Services	15,766	8,645	10,486	9,137	10,121	12,237	6,851	6,561	17,928	10,176	6,667	6,864	121,759	10
11	Peoples Energy Production	Intercompany Services	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	13,978	125,802	11
12	Peoples Energy Home Services	Intercompany Services	18,898	12,504	13,133	12,261	13,847	12,375	12,176	12,244	11,458	11,813	11,847	21,704	161,659	12
13	North Shore Gas Company	Underground Gas Storage	211,366	234,087	242,007	161,279	130,367	283,697	139,801	161,180	136,011	140,484	150,565	157,041	2,127,985	13
14	North Shore Gas Company	Interest on Intercompany Loans													-	14
15	Peoples Energy Wholesale Marketing	Hub Services													-	15
16	Peoples NGL	Hub Services	\$ 1,115,353	\$ 1,910,635	\$ 1,168,529	\$ 981,316	\$ 1,264,701	\$ 1,206,310	\$ 1,093,546	\$ 2,083,503	\$ 1,089,749	\$ 1,127,666	\$ 1,316,807	2,021,078	\$ 16,493,652	16
17															\$ 16,493,652	17

Please note that this schedule details the month in which the affiliated company was billed for services. Payment occurs generally around the 20th of the month following the month that the services was rendered.

North Sierra Gas Company

Summary of Affiliated Interest Transactions

Fiscal Year 2007

Line No.	Associated Companies [A]	Nature of Transaction [B]	January [C]	February [D]	March [E]	April [F]	May [G]	June [H]	July [I]	August [J]	September [K]	October [L]	November [M]	December [N]	Total [O]	Line No.
Amount Billed to NSG																
1	Peoples Energy Corporation	Intercompany Services	\$ 727,698	\$ 807,771	\$ 704,882	\$ 654,862	\$ 701,665	\$ 718,847	\$ 712,069	\$ 797,883	\$ 761,760	\$ 1,168,807	\$ 724,501	\$ 428,403	\$ 8,968,147	1
2	The Peoples Gas Light and Coke Company	Intercompany Services	455,841	403,679	480,120	412,583	688,437	530,456	505,368	577,368	529,227	589,394	748,823	604,998	8,528,394	2
3	The Peoples Gas Light and Coke Company	Underground Gas Storage	211,366	234,087	242,007	161,279	130,367	263,697	139,801	161,180	136,011	140,464	150,565	15,7041	2,127,895	3
4	Peoples Energy Corporation	Interest on Intercompany Loans											16,244	11,810	32,098	4
5	The Peoples Gas Light and Coke Company	Interest on Intercompany Loans													0	5
6			\$ 1,394,908	\$ 1,445,538	\$ 1,427,009	\$ 1,220,094	\$ 1,610,389	\$ 1,513,000	\$ 1,357,368	\$ 1,526,430	\$ 1,418,987	\$ 1,892,730	\$ 1,639,832	\$ 1,202,251	\$ 17,655,825	6
Amount Billed to Associated Companies																
7	The Peoples Gas Light and Coke Company	Intercompany Services	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 14,771	\$ 177,252	7
8	The Peoples Gas Light and Coke Company	Interest on Intercompany Loans	19,968	38,588	62,280	18,092	24,424	32,530	108,688	102,118	51,516	21,803	0	11,583	492,588	8
9			\$ 34,737	\$ 54,359	\$ 77,051	\$ 32,863	\$ 39,195	\$ 47,301	\$ 123,459	\$ 116,899	\$ 60,287	\$ 36,574	\$ 14,771	\$ 26,354	\$ 669,840	9

Please note that this schedule details the month in which the affiliated company was billed for services. Payment was generally received the 20th of the month following the month that the service was rendered.

Inter-Company Billing
By Legal Entity, Includes Capital and Expense
12 & 0 Forecast
Peoples Energy Corporation

	<u>2007 Actual</u>	<u>Allocation Descriptor</u>
From PGL		
11000750 Exec Office - Sales & Marketing	17,711	Time Allocator
11000751 Materials Production	46,771	Time Allocator
11000763 Market Development	18,861	Time Allocator
11000910 Public Relations	38,493	Time Allocator
11000920 Community Affairs	-	
11000930 Corporate Contributions	43,181	Time Allocator
11000940 Government Relations	23,009	Time Allocator
11000950 Market Research	17,681	Time Allocator
GJ Project Score - PGL	1,021,532	
DA Legal Day 2 - PGL	303	
DB Finance and Accounting Day 2 - PGL	10,332	
DC Shared Service Day 2 - PGL	14,735	
DD Supply Chain Day 2 - PGL	5,132	
DE Admin Services/Facilities Day 2 - PGL	1,681,109	
DF Ops-Gas Supply Day 2	112,105	
DG Ops-Gas Engineering&Ops Day 2	11,011	
DH Ops-Customer Value Day 2	68,458	
DI Government Relations Day 2	-	
DJ Human Resources Day 2 - PGL	497	
DK Public Affairs Day 2	-	
DL ITS Day 2 - PGL	28,602	
GK Project - PGL	199,949	
SAP	272,568	Payroll Dollors/Net assets (2 Prong)
C-First	-	
Manlove Storage	-	
Space and Equipment	2,209,260	Number of Employees
PERC Servers	-	
PeopleSoft	331,416	Number of Employees
Corporate Systems and Servers	866,988	UNIX + NT Servers (Weight: Cost Differ)
Meter Shop	-	
Utility Systems	-	
Telecom	91,020	
Pegasys	-	
Vehicle Information System	-	
Data Warehouse	-	
Meter Mangement System	-	
Gas Charge/Gas Cost Model	-	
Total from PGL	<u>7,130,723</u>	
From NSG	-	
DG Ops-Gas Engineering&Ops Day 2 - NSG	11,745	
DH Ops-Customer Value Day 2 - NSG	16,909	
DL ITS Day 2 - NSG	6,101	
GK Project - NSG	65,800	
Total from NSG	<u>100,555</u>	
PGL Officers	154,942	Time Allocator
Total	<u><u>7,386,221</u></u>	

Inter-Company Billing
By Legal Entity, Includes Capital and Expense
12 & 0 Forecast
The Peoples Gas Light and Coke Company

	2007 Actual	Allocation Descriptor
From PEC		
IT	19,428,690	Business Service Allocation Factors
IT Capital	760,111	Business Service Allocation Factors
HR	3,812,925	Business Service Allocation Factors
Administration	3,011,444	Business Service Allocation Factors
Business Services	27,013,169	
10000400 Corporate Secretary Services	532,040	General Cost Allocator
10000420 Office of General Counsel	961,900	Time Allocator
OH cost center 10000420	292,664	Time Allocator
10000411 Legal - Allocable	358,137	General Cost Allocator
10000832 Auditing	1,113,706	General Cost Allocator
10000807 Trading Risk Management	80,976	Time Allocator
10000808 Credit Department	72,472	Time Allocator
10000805 Financial Reporting and Compliance	443,408	General Cost Allocator
10000831 Tax Administration	864,972	Time Allocator
10000835 Accounts Payable	128,682	Invoices Processed
10000836 General Accounting Department	1,231,895	Time Allocator
10000837 Gas Accounting	326,401	Time Allocator
OA cost center 10000837	1,103,171	
10000844 Decision Support	382,905	General Cost Allocator
10000870 SOX	233,024	General Cost Allocator
10000871 Insurance	804,748	Time Allocator
10000884 Assistant Treasurer	439,867	General Cost Allocator
10000895 Financial Analysis	52,426	Time Allocator
MONACO	85,212	Number of Transactions
OR Rate Case Tracking - PEC	420,224	Mgmt Decsion based on previous work on rate case
DA Legal Day 2	(25,820)	
DB Finance and Accounting Day 2	(14,978)	
DC Shared Service Day 2	(3,044)	
DE Admin Services/Facilities Day 2	(29,443)	
DH Ops-Customer Value Day 2 - PEC	(7,658)	
DJ Human Resources Day 2	(67,509)	
DL ITS Day 2	(193,061)	
Total from PEC	36,600,488	
From PGL		
Business Services - Administration	1,161,479	Business Services Allocation Factors
11000305 Gas Control	26,965	Time Allocator
11000370 Gas Storage	2,060	Peak Day Availability
11000722 Gas Transportation Services	68,780	Time Allocator
Total from PGL	1,259,284	
From NSG		
Manlove Cushion Gas	177,252	Peak Day Deliverability Requirements
Total from Nsg	177,252	
PEC officers total	2,562,609	General Cost Allocator/Time Allocator
PGL officers total	49,836	General Cost Allocator/Time Allocator
Total Officers	2,612,445	
Subtotal	40,649,470	
Corporate Rebill	14,528,124	Corporate Allocator
Total	55,177,594	

Inter-Company Billing
By Legal Entity, Includes Capital and Expense
12 & 0 Forecast
North Shore Gas Company

	2007 Actual	Allocation Descriptor
From Pec		
IT	3,740,294	Business Service Allocation Factors
HR	458,282	Business Service Allocation Factors
Administration	608,483	Business Service Allocation Factors
Business Services	4,807,058	
10000400 Corporate Secretary Services	76,872	General Cost Allocator
10000420 Office of General Counsel	171,768	Time Allocator
OH cost center 10000420	32,518	Time Allocator
10000411 Legal - Allocable	48,401	General Cost Allocator
10000832 Auditing	159,499	General Cost Allocator
10000807 Trading Risk Management	20,241	Time Allocator
10000808 Credit Department	18,113	Time Allocator
10000805 Financial Reporting and Compliance	63,696	General Cost Allocator
10000831 Tax Administration	184,324	Time Allocator
10000835 Accounts Payable	40,629	Invoices Processed
10000836 General Accounting Department	343,181	Time Allocator
10000837 Gas Accounting	247,015	Time Allocator
OA cost center 10000837	47,959	
10000844 Decision Support	55,018	General Cost Allocator
10000870 SOX	33,486	General Cost Allocator
10000871 Insurance	185,728	Time Allocator
10000884 Assistant Treasurer	63,100	General Cost Allocator
10000895 Financial Analysis	11,234	Time Allocator
MONACO	9,108	Number of Transactions
Total from PEC	6,618,947	
From PGL		
Business Services - Administration	170,249	Business Service Allocation Factors
11000125 Utility Accounting & Control	174,930	Time Allocator
11000305 Gas Control	53,931	Throughput Estimate
11000355 Gas Supply Administration & Planning	223,785	Throughput Estimate
11000370 Gas Storage	5,431	Peak Day Availability
11000383 Market Strategies and Middle Office	34,616	Time Allocator
11000384 Planning + Modeling + Contract Admin	38,309	
Project OD cost center 11000609	3,433	
11000682 TTS & Compliance	8,059	Time Allocator
11000722 Gas Transportation Services	275,121	Time Allocator
11000747 Sales	3,928	Time Allocator
11000750 Exec Office - Sales & Marketing	10,627	Time Allocator
11000751 Materials Production	28,062	Time Allocator
11000763 Market Development	28,292	Time Allocator
11000795 Customer Care	193,492	Time Allocator
11000797 Billing	506,789	Work Ques&Bills Processed
11000798 Revenue Assurance	171,540	Bad Debt Write-Offs
11000910 Public Relations	38,493	Time Allocator
11000920 Community Affairs	33,187	Time Allocator
11000930 Corporate Contributions	39,583	Time Allocator
11000940 Government Relations	32,870	Time Allocator
11000950 Market Research	19,891	Time Allocator
OR Rate Case Tracking - PGL	1,598,356	Mgmt Decsion based on previous work on rate case
SAP	416,868	Payroll Dollars/Net assets (2 Prong)
C-First	1,725,216	PGL/NSG Customers
Manlove Storage	2,127,985	Calc based on PGL's, LNG Plant, Transmission System & Underground Storage property
Meter Shop	134,820	PGL/NSG Customers
Telecom	18,048	Number of Phones
Pegasys	20,292	PGL/NSG Customers
Vehicle Information System	2,304	PGL/NSG Customers
Data Warehouse	14,268	PGL/NSG Customers
Meter Mangement System	3,564	PGL/NSG Customers
Gas Charge/Gas Cost Model	7,764	PGL/NSG Customers
Total from PGL	8,164,101	
PEC officers total	400,193	General Cost Allocator/Time Allocator
PGL officers total	490,278	General Cost Allocator/Time Allocator
Total Officers	890,471	
Subtotal	15,673,519	
Corporate Rebill	1,950,007	Corporate Allocator
Total	17,623,526	

Inter-Company Billing
By Legal Entity, Includes Capital and Expense
12 & 0 Forecast
Peoples Energy Services Corporation

	<u>2007 Actual</u>	<u>Allocation Descriptor</u>
From PGL		
Business Services - Administration	4,502	Business Service Allocation Factors
11000125 Utility Accounting & Control	-	
11000305 Gas Control	-	
Project OA cost center 11000305	-	
11000355 Gas Supply Administration & Planning	-	
11000370 Gas Storage	-	
11000383 Market Strategies and Middle Office	-	
11000384 Planning + Modeling + Contract Admin	-	
11000570 Employee Health Safety Security Serv	-	
Project OD cost center 11000609	-	
11000682 TTS & Compliance	-	
11000722 Gas Transportation Services	-	
11000747 Sales	-	
Proj OS cost center 11000747	-	
11000750 Exec Office - Sales & Marketing	-	
11000751 Materials Production	-	
11000763 Market Development	-	
Project OS cost center 11000763	-	
11000793 Quality Control	-	
11000795 Customer Care	-	
11000797 Billing	-	
11000798 Revenue Assurance	-	
11000910 Public Relations	19,247	Time Allocator
11000920 Community Affairs	-	
11000930 Corporate Contributions	-	
11000940 Government Relations	-	
11000950 Market Research	-	
SAP	41,928	Payroll Dollors/Net assets (2 Prong)
C-First	-	
Manlove Storage	-	
Space and Equipment	-	
PERC Servers	-	
PeopleSoft	-	
Corporate Systems and Servers	-	
Meter Shop	-	
Utility Systems	-	
Telecom	8,700	Number of Phones
Pegasys	-	
Vehicle Information System	-	
Data Warehouse	-	
Meter Mangement System	-	
Gas Charge/Gas Cost Model	-	
Total from PGL	<u><u>74,377</u></u>	
PGL Officers	-	Time Allocator
Total	<u><u>74,377</u></u>	

Inter-Company Billing
By Legal Entity, Includes Capital and Expense
12 & 0 Forecast
Peoples Energy Resources Corporation

	<u>2007 Actual</u>	<u>Allocation Descriptor</u>
From PGL		
Business Services - Administration	16,893	Business Service Allocation Factors
11000125 Utility Accounting & Control	-	
11000305 Gas Control	10,427	Time Allocator
Project OA cost center 11000305	30,009	Time Allocator
11000355 Gas Supply Administration & Planning	-	
11000370 Gas Storage	-	
11000383 Market Strategies and Middle Office	-	
11000384 Planning + Modeling + Contract Admin	-	
11000570 Employee Health Safety Security Serv	-	
Project OD cost center 11000609	-	
11000682 TTS & Compliance	-	
11000722 Gas Transportation Services	-	
11000747 Sales	-	
Proj OS cost center 11000747	-	
11000750 Exec Office - Sales & Marketing	-	
11000751 Materials Production	-	
11000763 Market Development	-	
Project OS cost center 11000763	-	
11000793 Quality Control	-	
11000795 Customer Care	-	
11000797 Billing	-	
11000798 Revenue Assurance	-	
11000910 Public Relations	-	
11000920 Community Affairs	-	
11000930 Corporate Contributions	-	
11000940 Government Relations	-	
11000950 Market Research	-	
SAP	62,904	Payroll Dollors/Net assets (2 Prong)
C-First	-	
Manlove Storage	-	
Space and Equipment	-	
PERC Servers	-	
PeopleSoft	-	
Corporate Systems and Servers	-	
Meter Shop	-	
Utility Systems	-	
Telecom	1,536	Number of Phones
Pegasys	-	
Vehicle Information System	-	
Data Warehouse	-	
Meter Mangement System	-	
Gas Charge/Gas Cost Model	-	
Total from PGL	<u><u>121,769</u></u>	
PGL Officers	-	Time Allocator
Total	<u><u>121,769</u></u>	

Inter-Company Billing
By Legal Entity, Includes Capital and Expense
12 & 0 Forecast
Peoples Energy Production Operating Company

	<u>2007 Actual</u>	<u>Allocation Descriptor</u>
From PGL		
Business Services - Administration	-	
11000125 Utility Accounting & Control	-	
11000305 Gas Control	-	
Project OA cost center 11000305	-	
11000355 Gas Supply Administration & Planning	-	
11000370 Gas Storage	-	
11000383 Market Strategies and Middle Office	-	
11000384 Planning + Modeling + Contract Admin	-	
11000570 Employee Health Safety Security Serv	-	
Project OD cost center 11000609	-	
11000682 TTS & Compliance	-	
11000722 Gas Transportation Services	-	
11000747 Sales	-	
Proj OS cost center 11000747	-	
11000750 Exec Office - Sales & Marketing	-	
11000751 Materials Production	-	
11000763 Market Development	-	
Project OS cost center 11000763	-	
11000793 Quality Control	-	
11000795 Customer Care	-	
11000797 Billing	-	
11000798 Revenue Assurance	-	
11000910 Public Relations	-	
11000920 Community Affairs	-	
11000930 Corporate Contributions	-	
11000940 Government Relations	-	
11000950 Market Research	-	
SAP	125,802	Payroll Dollors/Net assets (2 Prong)
C-First	-	
Manlove Storage	-	
Space and Equipment	-	
PERC Servers	-	
PeopleSoft	-	
Corporate Systems and Servers	-	
Meter Shop	-	
Utility Systems	-	
Telecom	-	
Pegasys	-	
Vehicle Information System	-	
Data Warehouse	-	
Meter Mangement System	-	
Gas Charge/Gas Cost Model	-	
From PGL	<u>125,802</u>	
PGL Officers	-	
Total	<u><u>125,802</u></u>	

Inter-Company Billing
By Legal Entity, Includes Capital and Expense
12 & 0 Forecast
Peoples Energy Home Services

	<u>2007 Actual</u>	<u>Allocation Descriptor</u>
From PGL		
Business Services - Administration	-	
11000125 Utility Accounting & Control	-	
11000305 Gas Control	-	
Project OA cost center 11000305	-	
11000355 Gas Supply Administration & Planning	-	
11000370 Gas Storage	-	
11000383 Market Strategies and Middle Office	-	
11000384 Planning + Modeling + Contract Admin	-	
11000570 Employee Health Safety Security Serv	-	
Project OD cost center 11000609	-	
11000682 TTS & Compliance	-	
11000722 Gas Transportation Services	-	
11000747 Sales	-	
Proj OS cost center 11000747	-	
11000750 Exec Office - Sales & Marketing	7,084	Time Allocator
11000751 Materials Production	9,354	Time Allocator
11000763 Market Development	80,160	Time Allocator
Project OS cost center 11000763	-	
11000793 Quality Control	-	
11000795 Customer Care	41,462	Time Allocator
11000797 Billing	-	
11000798 Revenue Assurance	-	
11000910 Public Relations	-	
11000920 Community Affairs	-	
11000930 Corporate Contributions	-	
11000940 Government Relations	-	
11000950 Market Research	22,101	
SAP	-	
C-First	-	
Manlove Storage	-	
Space and Equipment	-	
PERC Servers	-	
PeopleSoft	-	
Corporate Systems and Servers	-	
Meter Shop	-	
Utility Systems	-	
Telecom	-	
Pegasys	-	
Vehicle Information System	-	
Data Warehouse	-	
Meter Mangement System	-	
Gas Charge/Gas Cost Model	-	
Total from PGL	<u>160,162</u>	
PGL Officers	1,830	Time Allocator
Total	<u><u>161,992</u></u>	

Business Services Inter-Company Billing
12 & 0 Forecast
Business Services
2007 Actual

	Peoples Gas	Peoples Gas (C-First)	Total Peoples	North Shore Gas	North Shore Gas (C-First)	North Shore Gas (C-First) Total NSG
CORE SERVICES						
10000201 Centralized Systems and Services	40,538	104,110	144,647	10,082	18,545	28,627
IT Centralized Systems & Servers	129,306	329,843	458,149	31,977	58,752	90,728
10000202 Database Technology	2,159	66,677	68,835	531	13,379	13,910
II Database Technology	8,924	275,381	284,305	2,192	55,262	57,454
10000203 Mainframe Data Center	1,482	16,895	18,376	798	2,982	3,780
KA Mainframe Data Center	189,444	2,160,273	2,349,717	102,055	381,332	483,388
10000204 Production Output	15,976	182,179	198,155	8,606	32,158	40,765
10000205 Help Desk and Distributed Computing	464,419	-	464,419	60,848	-	60,848
IU Help Desk and Distributed Computing	2,344,976	-	2,344,976	307,318	-	307,318
10000206 Voice Communication	268,996	-	268,996	37,352	-	37,352
IX Voice Communication	325,672	-	325,672	45,227	-	45,227
10000207 Wide Area Network	79,582	-	79,582	24,286	-	24,286
IW Wide Area Network	588,173	-	588,173	179,506	-	179,506
10000208 Copy Center	197,396	-	197,396	13,121	-	13,121
10000209 Mail and Messenger	162,999	-	162,999	27,939	-	27,939
10000505 Payroll	511,929	-	511,929	67,072	-	67,072
HB HR-IS	386,157	-	386,157	50,608	-	50,608
10000502 Compensation	152,450	-	152,450	2,664	-	2,664
10000504 Employee Development	396,458	-	396,458	51,943	-	51,943
10000506 HR Service Center	239,871	-	239,871	30,141	-	30,141
10000507 Benefits Administration	762,119	-	762,119	95,762	-	95,762
HC Benefits Planning	-	-	-	-	-	-
10000503 Staffing Services	196,780	-	196,780	25,782	-	25,782
10000501 Employee Relations	360,152	-	360,152	47,190	-	47,190
10000509 Security Services	446,778	-	446,778	39,347	-	39,347
10000508 Safety	341,456	-	341,456	44,737	-	44,737
10000510 Health and Wellness	-	-	-	-	-	-
10000803 Procurement	767,788	-	767,788	291,207	-	291,207
10000345 Procurement	-	-	-	-	-	-
10000340 Mail and Messenger	-	-	-	-	-	-
10000341 Copy Center	-	-	-	-	-	-
10000343 Office Services	354,010	-	354,010	57,594	-	57,594
11000343 Rates Department	-	-	-	-	-	-
11000443 Rates	259,509	-	259,509	118,233	-	118,233
Core Services Total	9,994,498	3,135,357	13,129,854	1,774,119	562,411	2,336,530
PROJECTS THAT SUPPORT CORE SERVICES						
IA EDI	99,213	-	99,213	37,633	-	37,633
IH Imaging	43,368	-	43,368	13,847	-	13,847
IG HR Systems	543,894	-	543,894	71,270	-	71,270
IF Forecasting and Budgeting Systems	59,469	-	59,469	7,663	-	7,663
IE Baseline Maintenance of SAP	1,434,696	-	1,434,696	184,923	-	184,923
IC FUSION (Expense)	-	-	-	-	-	-
KB Call Center Phone Service	-	331,775	331,775	-	58,107	58,107
KD SOX	-	-	-	-	-	-
I3 Financial Systems (Capital Rebill)	188,333	-	188,333	-	-	-
I7 PEP (Capital Rebill)	-	-	-	-	-	-
I8 PGL Building Improvements (Capital Rebill)	19,737	-	19,737	-	-	-
I9 PGL Vehicle Improvements (Capital Rebill)	27,908	-	27,908	-	-	-
Core Services Projects Total	2,416,617	331,775	2,748,391	315,337	58,107	373,443
ITS PROJECT SERVICES						
GM Ongoing Bus Capital Rebill Integrays	-	-	-	-	-	-
I0 PGL Install Comp Equip Purch (Capital Rebill)	59,400	-	59,400	-	-	-
IJ Gas Distribution CIS (Expense)	-	5,621,773	5,621,773	-	1,060,472	1,060,472
IJ - capital	-	-	-	-	-	-
I1 Gas Distribution CIS (Capital Rebill)	338,112	-	338,112	-	-	-
IR Mobile Data System	951,585	-	951,585	179,504	-	179,504
KC Gas Charge Gas Cost	10,296	-	10,296	10,295	-	10,295
I5 Gas Ops Reg Comp (Capital Rebill)	113,331	-	113,331	-	-	-
I6 PEHS (Capital Rebill)	-	-	-	-	-	-

ITS Projects	IK Gas Transportation IS (Expense)	296,619	-	296,619	-	62,832	-	62,832
	IL Utility (Capital Rebil)	13,290	-	13,290	-	-	-	-
	IM IVR	-	-	-	-	-	-	-
	IB Financial Information Systems	45,062	-	45,062	-	7,336	-	7,336
	IO Gas Operations Applications	993,197	-	993,197	-	496,524	-	496,524
	IL Corporate Information Systems	-	-	-	-	-	-	-
	ID Trade Tracking System Maintenance and Support	96,887	-	96,887	-	10,361	-	10,361
	IN PES Information Systems (Expense)	-	-	-	-	-	-	-
	IY PES Gas Info System	-	-	-	-	-	-	-
	IZ PES Electric Info System	-	-	-	-	-	-	-
HR Projects	I2 PES Information System (Capital Rebil)	-	-	-	-	-	-	-
	IP PER Information Systems	-	-	-	-	-	-	-
	IQ PEP Information Systems	-	-	-	-	-	-	-
	ITS Projects Total	2,917,778	5,621,773	8,539,551	1,060,472	766,852	1,827,324	1,827,324
	HR PROJECT SERVICES	-	-	-	-	-	-	-
	HD Union Employee Relations	18,775	-	18,775	-	3,036	-	3,036
	HA EDP - PGL/NSG	-	-	-	-	-	-	-
	HK PESC HR Project	-	-	-	-	-	-	-
	HL PEP HR Project	-	-	-	-	-	-	-
	HR Projects Total	18,775	-	18,775	-	3,036	-	3,036
STATE REG AFFAIRS PROJECT SERVICES	GA Regulatory projects - PGL pec	-	-	-	-	-	-	-
	GA Regulatory projects - PGL	292,585	-	292,585	-	-	-	-
	GB Regulatory projects - NSG pec	-	-	-	-	-	-	-
	GB Regulatory projects - NSG	-	-	-	-	-	-	-
	GB Regulatory projects - PES pec	-	-	-	-	27,048	-	27,048
	GC Regulatory projects - PES	-	-	-	-	-	-	-
	GI General PEC Regulatory Expenses pec	-	-	-	-	-	-	-
	GI General PEC Regulatory Expenses	-	-	-	-	-	-	-
	G0000342 State Regulatory Affairs	-	-	-	-	-	-	-
	11000442 Regulatory Affairs	99,764	-	99,764	-	-	-	-
TRANSACTIONAL SERVICES PROJECTS	State Reg Projects Total	392,349	-	392,349	-	27,048	-	27,048
	Environmental Affairs PGL	364,239	-	364,239	-	-	-	-
	Environmental Affairs NSG	-	-	-	-	24,967	-	24,967
	Environmental Affairs PERC	-	-	-	-	-	-	-
	11000440 Environmental Affairs-Business Services	145,382	-	145,382	-	-	-	-
	GH Document Management	383,691	-	383,691	-	50,293	-	50,293
	Total Transactional Service Projects	383,691	-	383,691	-	50,293	-	50,293
	SUPPORT COSTS	-	-	-	-	-	-	-
	Business Services	86,530	-	86,530	-	11,465	-	11,465
	10000248 Enterprise Applications	(3,651)	-	(3,651)	-	(484)	-	(484)
SUMMARY	10000290 Application - Projects	(29,082)	-	(29,082)	-	(3,855)	-	(3,855)
	10000291 Customer Applications Utility	19,756	-	19,756	-	2,618	-	2,618
	10000292 Enterprise Architecture	341,485	-	341,485	-	45,249	-	45,249
	10000293 IT Planning and Security	-	-	-	-	-	-	-
	10000294 Customer Applications PESC	-	-	-	-	-	-	-
	10000295 IT	-	-	-	-	-	-	-
	IS ITS Service Support	531,421	-	531,421	-	70,282	-	70,282
	HE HR Service Support	-	-	-	-	-	-	-
	10000211 Performance and Analysis	-	-	-	-	-	-	-
	GD Office Services Project	1,505,954	-	1,505,954	-	209,390	-	209,390
ER-1100 Environmental Affairs	10000212 Business Services Support - Allocated	-	-	-	-	-	-	-
	GG Business Services Support Allocated Cost	-	-	-	-	-	-	-
	True-Up	-	-	-	-	-	-	-
	Support Costs Total	2,452,414	-	2,452,414	-	334,665	-	334,665
	ER-1100 Environmental Affairs	53,019,281	-	53,019,281	-	-	-	-
	ER-1200 Environmental Affairs	-	-	-	-	2,744,584	-	2,744,584
	Total - Core Services	12,411,114	3,467,131	15,878,246	620,517	2,089,456	2,709,973	2,709,973
	Total - Project Services	4,222,215	5,621,773	9,843,988	1,060,472	872,196	1,932,669	1,932,669
	Total - Support	2,452,414	-	2,452,414	-	334,665	334,665	334,665
	Total Business Services Costs	19,085,744	9,088,905	28,174,648	1,680,990	3,296,317	4,977,307	4,977,307

Inter-Company Billing
Business Services Allocation Factors

		Allocation Description
Core Services		
CC 10000201 + IT-1000	Centralized Systems and Services	UNIX=NT Servers
CC 10000202 + II-1000	Database Technology	Gigabytes per Application Owner
CC 10000203 + KA-1000	Mainframe Data Center	MIPS Use per Application Owner
CC 10000204	Production Output	MIPS Use per Application Owner
CC 10000205 + IU-1000	Help Desk and Distribution Computing	Number of Employees
CC 10000206 + IX-1000	Voice Communication	Number of Phones
CC 10000207 + IW-1000	Wide Area Network	Leased Data Lines+T3 Universal Line
CC 10000208	Copy Center	Number of Copies
CC 10000209	Mail and Messenger	Postage Expense
CC 10000505 + HB-1000	Payroll	Number of Employees
CC 10000502	Compensation	Number of Job Slots
CC 10000504	Employee Development	Number of Employees
CC 10000506 + CC		
10000507 + HC-1000	Benefits Administration	Direct Billed Benefits
CC 10000503	Staffing Services	Number of Employees
CC 10000501	Employee Relations	Number of Employees
CC 10000509	Security Services	1/2 Security DBI + 1/2 Employees
CC 10000508	Safety	NA
CC 10000510	Health and Wellness Services	Number of Employees
CC 10000345	Procurement	Number of Purchase Orders
CC 10000340	Mail and Messenger	NA
CC 10000341	Copy Center	NA
CC 10000343	Office Services	Square Feet of Office Space
CC 11000443	Rates	
Projects that Support Core Services		
IA-1000	EDI	Number of Purchase Orders
IH-1000	Imaging Project	Invoices Processed
IG-1000	HR Systems	Number of Employees
IF-1000	Forecasting and Budgeting Systems	Enterprise Cost Allocator
IE-1000	Baseline Support of SAP	Enterprise Cost Allocator
IC-1000	FUSION (expense)	NA
KB-1000	Call Center Phones	Number of call center phones
KD-1000	SOX	Corporate Cost Allocator
I3-1000	Financial Systems (capital)	Project Owner
ITS Project Services		
I7-1000	PEP (Capital Rebill)	Project Owner
I8-1000	PGL Building Improvements (Capital Rebill)	Project Owner
I9-1000	PGL Vehicle Improvements (Capital Rebill)	Project Owner
IJ-1000	Customer Information System	Number of Customers
II-1000	C-First Capital Rebill	Project Owner
IR-1000	MDS	Number of Customers
KC-1000	Gas Charge Gas Cost	Project Owner
I5-1000	Gas Ops Reg Compliance Capital Rebill	Project Owner
I6-1000	PEHS (Capital Rebill)	NA
IK-1000	Gas Transportation Information Systems	Number of Transportation Customers
I4-1000	Utility (Capital Rebill)	Project Owner
IM-1000	IVR	Spectrum Calls
IB-1000	Financial Information Systems	Equity
IO-1000	Gas Operations Applications	Miles of Main
IL-1000	Corporate Systems and Applications	Project Owner
ID-1000	Trade Tracking System	Number of Transactions

Inter-Company Billing
Business Services Allocation Factors

		<u>Allocation Description</u>
IN-1000	PE Services Information Systems	Project Owner
IY-1000	PE Services Gas Information Systems	Project Owner
IZ-1000	PE Services Electric Information Systems	Project Owner
IZ-1000	PE Services Inf Systems (capital)	Project Owner
IP-1000	PE Resources Information Systems	Project Owner
IQ-1000	PE Productions Information Systems	Project Owner
	HR Project Services	
HD-1000	Union Relations	Number of Union Employees
HA-1000	PGL/NSG Employee Development Program	
HK-1000	PESC HR Project	
HL-1000	PEP HR Project	
	Administration Project Services	
GA-1100	Peoples Gas Regulatory Projects	Project Owner
GB-1100	North Shore Regulatory Projects	Project Owner
GC-1100	PES Regulatory Projects	Project Owner
CC 11000442	State Regulatory Affairs	Project Owner
GI-1100	PEC Regulatory Projects	Project Owner
1100.10000	Environmental Affairs PGL	Project Owner
OD-1100.10001	Environmental Affairs NSG	Project Owner
OD-1100.10002	Environmental Affairs PERC	Project Owner
	Transactional Services Projects	
GH-1000	Document Management	Number of Employees
	Support Costs	
CC 10000248 + CC		
10000290 + CC 10000291		
+ CC 10000292 + CC		
10000293 + IS-1000 + CC		
10000294	Service Support - ITS	ITS Core + ITS Project Costs
HE-1000	Service Support - HR	HR Core + HR Project Costs
CC 10000211 + GD-1000	Business Service Support	Core + Proj + Service Support
CC 10000212 + GG-1000	Business Service Support (Allocated Costs)	Core + Proj + Service Support
	Business Service True-Up	
	Total - Core Services	
	Total - Project Services	
	Total - Support	
	Sub-Total Business Services Costs	
	Total - Project Services Cap Rebill	
	Business Services Costs	
	Environmental	
ER-1100	Rider 11 Activity PGL	Project Owner
ER-1200	Rider 11 Activity NSG	Project Owner
	Total Environmental	

Report I Allocator Counts

FY 2007 Rate Case 5&7 Allocator Percentages

Allocator Code	Service	Allocator	Peoples Gas	PGL (C-First)	North Shore Gas	NSG (C-First)	Peoples Energy Services	Peoples Energy Resources (Energy Mktg)	Peoples Energy Resources (Other)	Peoples Energy Production	Peoples Energy Home Services	People Energy Corporation	Business Services
Core Services													
CC10000201 • IT-1000	Centralized Systems & Servers	UNIX • NT Servers (Weight: Cost Differ)	20.81	53.47	5.19	9.53	20.00	1.00	-	12.00	-	47.00	39.00
CC10000202	Database Technology	Gigabytes per Application Owner	212.44	6,557.28	52.12	1,315.69	627.73	140.00	-	20.49	-	1,972.79	453.91
CC10000203	Mainframe Data Center	MIPS Use per Application Owner	16.80	181.42	9.04	33.78	-	-	-	-	-	0.73	18.97
CC10000204	Production Output	MIPS Use per Application Owner	16.80	181.42	9.04	33.78	-	-	-	-	-	0.73	18.97
CC10000205 • IU-1000	Help Desk & Distributed Computing	Number of Employees	1,496	-	196	-	65	7	6	52	-	117	229
CC10000206 • IK-1000	Voice Communication	Number of Phones	1,015	-	141	-	68	12	23	1	-	194	517
CC10000207 • IW-1000	Wide Area Network	Leased Data Lines • T3 Universal Line	140,247	-	42,801	-	2,023	134	115	20,146	-	2,237	4,378
CC10000208	Copy Center	Number of Copies	1,837,400	-	121,986	-	47,369	6,738	5,776	6,500	-	1,890,000	610,000
CC10000209	Mail and Messenger	Postage Expense	3,322,238	-	569,603	-	78,707	252	4,270	-	-	95,974	34,677
CC 10000505	Payroll	Number of Employees	1,496	-	196	-	65	7	6	52	-	117	229
HB-1000	HRIS	Number of Employees	1,496	-	196	-	65	7	6	52	-	117	229
CC 10000502	Compensation	No. of Job Slots (Weight: Emp Cnt)	78.54	-	1.37	-	1.68	0.02	0.02	1.15	-	11.50	11.50
CC 10000504	Employee Development/Perf Mgmt	Number of Employees	1,496	-	196	-	65	7	6	52	-	117	229
CC 10000507 • CC	Benefits Administration	Insurance Premium Costs	26,898,686	-	3,381,023	-	408,695	114,808	98,407	601,392	-	4,453,899	-
CC 10000503	Staffing Services	Number of Employees	1,496	-	196	-	65	7	6	52	-	117	229
CC 10000501	Employee Relations	Number of Employees - PESC-PEP	1,496	-	196	-	65	-	6	-	-	117	229
HL-1000	PESC HR Project	Project Owner	-	-	196	-	1	-	-	-	-	117	229
CC 10000509	Security Services (Non-Direct Charges)	1/2 Security Deli • 1/2 Employees	82.55%	0.00%	7.27%	0.00%	1.60%	0.21%	0.18%	1	-	2.78%	5.41%
CC 10000510	Health & Wellness Services (Non-Di Ch	Number of Employees	1,496	-	196	-	65	7	6	52	-	117	229
CC 10000345	Procurement	Number of Purchase Orders	783	-	297	-	7	5	5	5	-	73	-
CC 10000343	Office Services	Square Feet of Office Space	594,573	-	96,756	-	12,983	4,495	3,852	15,720	-	133,681	-
CC 10000420	Office of General Counsel	% time by EE working on Legal Matters	56.00%	-	10.00%	-	3.00%	1.50%	1.50%	11%	-	28.00%	-
CC 11000443	Rates	Blend of CCA to Gas Distrib only	68.7%	31.3%	9%	-	-	0.0%	1.0%	-	-	15%	-
CC 10000400	Corporate Secretary Services	Corporate Cost Allocator (CCA)	62%	-	9%	-	2%	0.0%	-	-	-	-	-
Projects that Support Core Services													
IA-1000	EDI	Number of Purchase Orders	783	-	297	-	7	5	5	5	-	73	-
IG-1000	Imaging Project	Invoices Processed	24,027	-	7,871	-	2,112	647	647	214	-	4,754	-
IG-1000	PeopleSoft System	Number of Employees	1,496	-	196	-	65	7	6	52	-	117	229
IF-1000	Forecasting and Budgeting Systems	Enterprise Cost Allocator	77.6%	0%	10.0%	0%	1.0%	1.4%	1.4%	3.8%	-	6.2%	0%
IE-1000	Baseline Support of SAP	Enterprise Cost Allocator	77.6%	0%	10.0%	0%	1.0%	1.4%	1.4%	3.8%	-	6.2%	0%
KB-1000	Call Center Phones	Number of call center phones	257,000	-	45,000	-	8,000	0.0%	1.0%	11%	-	15%	15.00
KD-1000	SOX	Corporate Cost Allocator (CCA)	62%	-	9%	-	2%	0.0%	-	-	-	-	-
IS-1000	Financial Systems Capital Rebil	Project Owner	1.00	-	-	-	-	-	-	-	-	-	-
ITS Project Services													
IJ-1000	Customer Information System	Number of Customers	-	812,489	-	153,315	-	-	-	-	-	-	-
II-1000	Chrift Capital Rebil	Project Owner	1.00	-	-	-	-	-	-	-	-	-	-
IR-1000	MDS	Number of Customers	-	812,469	-	153,315	-	-	-	-	-	-	-
IS-1000	Gas Ops Reg Compliance Capital Rebil	Project Owner	1.00	-	-	-	-	-	-	-	-	-	-
IK-1000	Gas Transportation Information Systems	Number of Transportation Customers	20,144	-	4,266	-	-	-	-	-	-	-	-
IA-1000	Utility Capital Rebil	Project Owner	1.00	-	-	-	-	-	-	-	-	-	-
IM-1000	IVR	Spectrum Calls	-	-	-	-	-	-	-	-	-	-	-
IB-1000	Financial Information Systems	Equity	86%	0%	14%	0%	-	-	-	-	-	-	-
IO-1000	Gas Operations Applications	Miles of Main	4,000	-	2,000	-	-	-	-	-	-	-	-
IL-1000	Corporate Systems and Applications	Project Owner	-	-	-	-	-	-	-	-	-	-	-
AI-1000	PEC Capital Projects	Project Owner	-	-	-	-	-	-	-	-	-	-	-
ID-1000	Trade Tracking System	Number of Transactions	91.00	44.50	14.50	-	0.00	277.50	0.00	-	-	1	0.00
IO-1000	PE Services Information Systems	Project Owner	-	-	-	-	1	-	-	-	-	-	-
IY-1000	PE Services Gas Information Systems	Project Owner	-	-	-	-	1	-	-	-	-	-	-
IY-1000	PE Services Electric Information Systems	Project Owner	-	-	-	-	1	-	-	-	-	-	-
IY-1000	PE Services Inf Systems (Cap Rebil)	Project Owner	-	-	-	-	1	-	-	-	-	-	-
IY-1000	PE Resources Information Systems	Project Owner	-	-	-	-	-	-	-	-	-	-	-
IY-1000	PE Production Information Systems	Project Owner	-	-	-	-	-	-	-	-	-	-	-
IC-1000	Gas Charge Gas Cost	Project Owner	50%	-	50%	-	-	-	-	1	-	-	-

Report I Allocator Counts

Service Cost Allocators
FY 2007 Rate Case 5&7 Allocator Percentages

Allocator Code	Service	Allocator	Peoples Gas	PGL (C-First)	North Shore Gas	NSG (C-First)	Peoples Energy Services	Peoples Energy Resources (Energy Mktg)	Peoples Energy Resources (Other)	Peoples Energy Production	Peoples Energy Home Services	People Energy Corporation	Business Services
17-1000	PE Production Info Sys (Cap Rebill)	Project Owner	-	-	-	-	-	-	-	-	-	-	-
16-1000	PEHS Capital Rebill	Project Owner	-	-	-	-	-	-	-	-	-	-	-
HR Project Services													
HD-1000	Union Relations	Number of Union Employees	872	-	141	-	-	-	-	-	-	-	-
State Reg Affairs Project Services													
CC11000442+GA-1000	Peoples Gas Regulatory Projects	Project Owner	-	-	-	-	-	-	-	-	-	-	-
CC11000442+GB-1000	North Shore Regulatory Projects	Project Owner	-	-	-	-	-	-	-	-	-	-	-
CC11000442+GC-1000	PES Regulatory Projects	Project Owner	-	-	-	-	-	-	-	-	-	-	-
GA-1000	PEC Regulatory Projects	Project Owner	-	-	-	-	-	-	-	-	-	-	-
Transactional Services Projects													
GD-1000	Prudential Charges	Square Footage in Prudential	-	-	-	-	-	-	-	-	-	-	-
GH-1000	Document Management	# of Employees - PER Tampa - does not exist in 07, so just # of ea	1,496	-	196	-	65	7	6	52	117	229	-
Support Costs													
CC1000248+CC	Service Support-ITS	ITS Core + ITS Project Costs	30,416,198	-	4,031,143	-	1,682,204	268,859	87,071	1,121,254	-	3,384,144	1,876,624
10000280+CC	Service Support-ITS	Project Owner	-	-	-	-	100%	-	-	-	-	-	-
10000281+CC	Service Support-ITS	HR Core + HR Project Costs	5,695,676	-	651,837	-	178,397	19,871	18,835	133,871	-	523,485	593,874
10000282+CC	Service Support-ITS	Core + Proj + Serv Support	44,140,082	-	6,137,254	-	2,160,003	307,780	166,514	1,482,564	-	4,841,490	-
10000283+CC	Service Support-ITS	Business Service Support (Allocated Cos Core + Proj + Serv Support	44,140,082	-	6,137,254	-	2,160,003	307,780	166,514	1,482,564	-	4,841,490	-

Service Cost Allocations
FY 2007 Allocator Percentages

Service Code	Service	Total	Peoples									
			Peoples Gas	PGL (C-First)	North Shore Gas	NSG (C-First)	Peoples Energy Services	Peoples Resources (Energy Mktg)	Peoples Energy Resources (Other)	Peoples Energy Production	Peoples Home Services	People Energy Corporation
Core Services												
CC10000201 + IT-1000	Centralized Systems & Servers	UNIX + NT Servers (Weight: Cost Diffe	10.01%	25.71%	2.49%	4.58%	9.62%	0.48%		5.77%		22.59%
CC10000202 + IL-1000	Database Technology	Gigabytes per Application Owner	1.87%	57.76%	0.46%	11.59%	5.63%	1.23%		0.18%		17.38%
CC10000203 + KA-1000	Mainframe Data Center	MIPS Use per Application Owner	6.20%	70.70%	3.34%	12.48%						7.01%
CC10000204	Production Output	MIPS Use per Application Owner	6.20%	70.70%	3.34%	12.48%						7.01%
CC10000205 + IL-1000	Help Desk & Distributed Computing	Number of Employees	69.00%		9.04%		3.00%	0.32%	0.28%	2.40%		10.56%
CC10000206 + IX-1000	Voice Communication	Number of Phones	51.50%		7.15%		3.45%	0.61%	1.17%	0.05%		9.84%
CC10000207 + IW-1000	Wide Area Network	Leased Data Lines + T3 Universal Line	66.13%		20.18%		0.95%	0.06%	0.05%	9.50%		2.06%
CC10000208	Copy Center	Number of Copies	40.60%		2.70%		1.05%	0.15%	0.13%	0.14%		41.75%
CC10000209	Mail and Messenger	Postage Expense	80.92%		13.87%		1.92%	0.01%	0.10%			2.34%
CC 100000505	Payroll	Number of Employees	69.00%		9.04%		3.00%	0.32%	0.28%	2.40%		10.56%
HB-1000	HRIS	Number of Employees	69.00%		9.04%		3.00%	0.32%	0.28%	2.40%		10.56%
CC 100000502	Compensation	Number of Job Slots (Weight: Emp Cn	80.14%		1.40%		1.71%	0.02%	0.02%	1.17%		11.73%
CC 100000504	Employee Development/Perf Mgmt	Number of Employees	69.00%		9.04%		3.00%	0.32%	0.28%	2.40%		10.56%
CC 100000507 + CC 100000506 + HC-1000	Benefits Planning	Direct Billd Benefits	74.81%		9.40%		1.14%	0.32%	0.27%	1.67%		12.39%
CC 100000503	Staffing Services	Number of Employees	69.00%		9.04%		3.00%	0.32%	0.28%	2.40%		10.56%
CC 100000501	Employee Relations	Number of Employees - PESC-PEP	73.19%		9.59%				0.29%			5.73%
HL-1000	PESC HR Project	Project Owner					100.00%			100.00%		
CC 100000509	PEP HR Project	1/2 Security DBI + 1/2 Employees	82.55%	0.00%	7.27%	0.00%	1.60%	0.21%	0.18%			2.78%
CC 10000510	Security Services (Non-Direct Charges)	Number of Employees	69.00%		9.04%		3.00%	0.32%	0.28%	2.40%		11.20%
Health & Wellness Services (Non-Dir Chg)												
CC 100000345	Procurement	Number of Purchase Orders	66.68%		25.29%		0.56%	0.43%	0.43%	0.39%		6.22%
CC 100000343	Office Services	Square Feet of Office Space	69.97%		11.22%		1.51%	0.52%	0.45%	1.82%		15.51%
CC 100000420	Office of General Counsel	Allocation provided by Tim Walsh	56.00%		10.00%		3.00%	1.50%	1.50%			
CC 10000420 + Project OH	Office of General Counsel - Injuries & Damages	Allocation provided by Tim Walsh	90.00%		10.00%							
CC 11000443	Rates	Corporate Cost Allocator (CCA)	68.70%		31.30%		2.00%	0.65%	0.35%	11.00%		
CC 10000400	Corporate Secretary Services	Corporate Cost Allocator (CCA)	62.00%		9.00%							
Projects that Support Core Services												
IA-1000	EDI	Number of Purchase Orders	66.68%		25.29%		0.56%	0.43%	0.43%	0.39%		6.22%
IH-1000	Imaging Project	Invoices Processed	59.96%		19.14%		5.27%	1.05%	0.56%	0.53%		13.49%
IG-1000	PeopleSoft System	Number of Employees	69.00%		9.04%		3.00%	0.32%	0.28%	2.40%		10.24%
IF-1000	Forecasting and Budgeting Systems	Enterprise Cost Allocator	77.60%		10.00%		1.00%	0.91%	0.49%	3.80%		6.20%
IE-1000	Baseline Support of SAP	Enterprise Cost Allocator	77.60%		10.00%		1.00%	0.91%	0.49%	3.80%		6.20%
KB-1000	Call Center Phones	Number of call center phones		79.08%			13.85%					4.61%
KD-1000	SOX	Corporate Cost Allocator (CCA)	62.00%		9.00%		2.46%	0.65%	0.35%	11.00%		15.00%
IS-1000	Financial Systems Capital Rebil	Project Owner	100.00%				2.00%					
ITS Project Services												
IJ-1000	Customer Information System	Number of Customers		84.13%		15.87%						
II-1000	Client Capital rebil	Project Owner	100.00%									
IR-1000	MDS	Number of Customers	84.13%		15.87%							
KC-1000	Gas Charge Gas Cost	Project Owner	50.00%		50.00%							
IS-1000	Gas Ops Reg Compliance Capital rebil	Project Owner	100.00%									
IK-1000	Gas Transportation Information Systems	Number of Transportation Customers		82.52%	17.48%							
IL-1000	Utility Capital rebil	Project Owner	100.00%									
IO-1000	PGL Install Comp Equip Purch (Capital Rebil)	Project Owner	100.00%									
IS-1000	PGL Building Improvements (Capital Rebil)	Project Owner	100.00%									
IS-1000	PGL Vehicle Improvements (Capital Rebil)	Project Owner	100.00%									
IM-1000	IVR	Spectrum Calls										
IB-1000	Financial Information Systems	Equity	86.00%		14.00%							
IO-1000	Gas Operations Applications	Miles of Main	66.67%		33.33%							
IL-1000	Corporate Systems and Applications	Project Owner										100.00%
AI-1000	PEC Capital Projects	Project Owner						64.91%				100.00%
ID-1000	Trade Tracking System	Number of Transactions	31.70%		3.39%							
IM-1000	PE Services Information Systems	Project Owner					100.00%					
IY-1000	PE Services Gas Information Systems	Project Owner					100.00%					
IZ-1000	PE Services Electric Information Systems	Project Owner					100.00%					
IS-1000	PE Services Int Systems (Cap Rebil)	Project Owner					100.00%					
IP-1000	PE Resources Information Systems	Project Owner					100.00%					
IQ-1000	PE Production Information Systems	Project Owner					100.00%					
I7-1000	PE Production Info Sys (Cap Rebil)	Project Owner					100.00%					

Service Cost Allocations FY 2007 Allocator Percentages

Service Code	Service	Total Project Owner	Peoples Gas P&L (C-First)	North Shore Gas	MSG (C-First)	Peoples Energy Services	Peoples Resources (Energy Mktg)	Peoples Resources (Other)	Peoples Energy Production	Peoples Energy Home Services	People Energy Corporation	Business Services
IS-1000	PEHS Capital Rebill	Project Owner										
HR Project Services												
HD-1000	Union Relations	Number of Union Employees										
HA-1000	P&LMSG Employee Development Program	Number of Employees P&L & NS	95.08%	13.92%								
HK-1000	PERC Safety											
	FUSION	Corporate Cost Allocator (CCA)										
	Personal Security	Not Applicable										
	Electronic Security	Not Applicable										
	Employee Assistance Program	Not Applicable										
	Return To Work Program	Not Applicable										
	Physical Therapy	Not Applicable										
	Regulated Drug Testing	Not Applicable										
	Employee Benefits (Excluded)	Not Applicable										
	Employee Benefits (Included)	Not Applicable										
	PES Employee Development Program	Not Applicable										
SAP												
		Corporate Cost Allocator (CCA)										
State Reg Affairs Project Services												
CC-11000442*GA-1100	Peoples Gas Regulatory Projects	Project Owner	100.00%	100.00%		100.00%					100.00%	
GB-1100	North Shore Regulatory Projects	Project Owner										
GC-1100	PES Regulatory Projects	Project Owner										
GI-1000 • GI-1100	PEC Regulatory Projects	Project Owner										
CC-11000440*OD-1100-10000	Environmental Affairs P&L	Project Owner	100.00%	100.00%				100.00%				
OD-1100-10001	Environmental Affairs NSG	Project Owner										
OD-1100-10002	Environmental Affairs PERC	Project Owner										
	Environmental Subtotal											
Transactional Services Projects												
GD-1000	Prudential Charges	Square Footage in Prudential										
GH-1000	Document Management	# of Employees - PER Tempe	69.00%	9.04%		3.00%	0.32%	0.28%	2.40%		5.40%	10.58%
Support Costs												
CC-10000248 • CC-10000290 • CC-10000291 • CC-10000292 • CC-10000293 • IS-1000	Service Support-ITS	ITS Core + ITS Project Costs	70.95%	9.40%		3.92%	0.63%	0.20%	2.62%		7.90%	4.38%
CC-10000294	Service Support-ITS	Project Owner				100.00%						
HE-1000	Service Support - HR	HR Core + HR Project Costs	72.87%	8.34%		2.28%	0.25%	0.24%	1.71%		6.71%	7.60%
CC-10000211 • GD-1000	Business Service Support	Core + Proj + Serv Support	74.79%	10.40%		3.66%	0.52%	0.28%	2.48%		7.87%	
CC-10000212 • GG-1000	Business Service Support (Allocated Costs)	Core + Proj + Serv Support	74.79%	10.40%		3.66%	0.52%	0.28%	2.48%		7.87%	
ER-1100	Rider 11 Activity	Project Owner	100.00%	100.00%								
ER-1200	Rider 11 Activity	Project Owner										

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Peoples Energy Corporation
Allocation of Monthly Asset Cost - Manlove Cushion
Fiscal 2007 Billing

Peak Day Requirements

	<u>MMBtu/Day (Dth)</u>	<u>Required %</u>
PGL	993,464	94.07%
NSG	62,637	5.93%
Total	1,056,101	100.00%

Total Recoverable and Non-recoverable Cushion Gas per Asset Module (Dth)

	<u>Recoverable</u>	<u>Non-Recoverable</u>	<u>Total</u>	<u>Actual %</u>
PGL	4,131,961	112,220,419	116,352,380	92.31%
NSG	341,486	9,346,277	9,687,763	7.69%
Total	4,336,314	118,275,530	126,040,143	100.00%

Calculated Cushion Gas required to support NSG Peak Day Requirements (Dth)

	<u>Recoverable</u>	<u>Non-Recoverable</u>	<u>Total</u>	<u>Actual %</u>
PGL	4,079,129	111,260,648	115,339,776	94.07%
NSG	257,185	7,014,882	7,272,068	5.93%
Total	4,336,314	118,275,530	122,611,844	100.00%

Peoples Energy
General Cost Allocator
Based on Payroll Dollars and Net Assets

Company	Fiscal 2007 5 & 7 Labor (1) (a)	% Total Labor (b)	Feb 06 adj Total Capital Investment (2) (c)	% Total Investment (d)	Average (b+d)/2	Weighted Average (a+c)/(total a+ total c)	Double Labor Single Invest. Average (b*2)+d)/3
PGL	\$ 103,819,332	61%	\$ 1,370,439,367	65%	63%	65%	62%
NSG	12,922,572	8%	219,562,318	10%	9%	10%	9%
Total Utility	116,741,904	69%	1,590,001,686	75%	72%	75%	71%
PEC	35,858,413	21%	7,859,500	0%	10%	2%	15%
PESC	5,490,242	3%	3,646,207	0%	2%	0%	2%
PERC	2,690,852	2%	2,496,259	0%	1%	0%	1%
PEP	8,475,103	5%	503,644,050	24%	15%	22%	11%
PDEC	0	0%	0	0%	0%	0%	0%
PNGV	0	0%	0	0%	0%	0%	0%
PEV	0	0%	7,569,729	1%	1%	0%	0%
Total Diversified	52,514,609	31%	525,215,745	25%	29%	24%	29%
Total Companies	\$ 169,256,514	100%	\$ 2,115,217,431	100%	101%	99%	100%

(1) Labor using 5 & 7 forecast for Fiscal 2007 provided by Decision Support.

(2) Total Capital Investment as of 2/28/06 Balance Sheet provided by General Accounting adjusted for PERC sale

**Peoples Energy
Corporate Allocator
Based on Payroll Dollars and Net Assets**

Company	Fiscal 2007	% Total	Feb 06 adj		% Total	Average	Weighted	Double Labor
	5 & 7 Labor (1)	Labor	Total Capital	Investment (2)	Investment	(b+d)/2	Average	Single Invest.
	(a)	(b)		(c)	(d)		(a+c)/(total a+ total c	Average ((b*2)+d)/3
PGL	\$ 103,819,332	78%	\$	1,370,439,367	65%	72%	67%	74%
NSG	12,922,572	10%		219,562,318	10%	10%	10%	10%
Total Utility	116,741,904	88%		1,590,001,686	75%	82%	77%	84%
PESC	5,490,242	4%		3,646,207	0%	1%	0%	3%
PERC	2,690,852	2%		2,496,259	0%	1%	0%	2%
PEP	8,475,103	6%		503,644,050	24%	15%	23%	11%
PDEC	0	0%		0	0%	0%	0%	0%
PNGV	0	0%		0	0%	0%	0%	0%
PEV	0	0%		7,569,729	1%	0%	0%	0%
Total Diversified	16,656,197	12%		517,356,244	25%	17%	23%	16%
Total Companies	\$ 133,398,101	100%	\$	2,107,357,930	100%	99%	100%	100%

(1) Labor using 5 & 7 forecast for Fiscal 2007 provided by Decision Support.

(2) Total Capital Investment as of 2/28/06 Balance Sheet provided by General Accounting adjusted for PERC sale